

DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
DEVELOPMENT SERVICES DIRECTORATE	OPERATIONAL MANAGEMENT COMMITTEE	20 JUNE 2019	URGENT ITEM
URGENT ITEM - GRANNY'S BAY COASTAL DEFENCE			

PUBLIC ITEM

This item is for consideration in the public part of the meeting.

SUMMARY

The committee is asked to agree that the following item be included on the agenda as an urgent item, as it cannot reasonably be deferred to the next scheduled meeting of Operational Management on the 10 September ([see Section 100B, subsection 4b Local Government Act 1972](#)). It is considered urgent given the need for the council to secure the economic benefit of the contractor and sub-contractors remaining engaged following completion of the Fairhaven and Church Scar project.

The urgency has arisen as the Environment Agency has announced that no further work can be awarded under its recent Framework beyond June 2019 (this Scheme was procured under the recent Framework). This is coupled with the fact that the negotiated price with the contractor is only open for acceptance until the end of June 2019.

RECOMMENDATIONS

1. The committee is asked to agree that the following item be included on the agenda as an urgent item, as it cannot reasonably be deferred to the next scheduled meeting of Operational Management on the 10 September (see Section 100B, subsection 4b Local Government Act 1972). It is considered urgent given the need for the council to secure the economic benefit of the contractor and sub-contractors remaining engaged following completion of the Fairhaven and Church Scar project.
2. To approve the expenditure on the project as detailed in the report.

SUMMARY OF PREVIOUS DECISIONS

Operational Management Committee - 12 September 2017

Fairhaven to Church Scar Coastal Defence Works

1. To approve expenditure in the sum of £19.83m in respect of Fairhaven to Church Scar Coast Protection Scheme which is included within the approved Capital Programme in the total sum of £19.83m; and
2. To authorise that a contract to be entered into with the Preferred Bidder for the detailed design and construction of the Fairhaven to Church Scar Coast Protection Scheme.

Operational Management Committee - 11 September 2018

Granny's Bay Coastal Defence

1. That following receipt of the formal grant approval letter from the Environment Agency that the committee recommends to Council an increase in the Fairhaven and Church Scar Coast Protection

Scheme within the Capital Programme from £19.83m to £21.83m following confirmation of the additional £2m capital grant from the Environment Agency in respect of the Granny's Bay works.

2. Subject to the approval of 1 above, to approve the expenditure on the project as detailed in the report.

Council - 22 October 2018

Granny's Bay Coastal Defence

It was RESOLVED to approve an increase in the value of the coast protection scheme within the Councils approved Capital Programme in the sum of £2m (£1m for 2019/20 and £1m for 2020/21) to deliver the replacement Coastal Defence Scheme at Granny's Bay, the additional works to be fully-funded from a capital grant from the Environment Agency for this purpose.

CORPORATE PRIORITIES

Spending your money in the most efficient way to achieve excellent services (Value for Money)	✓
Delivering the services that customers expect of an excellent council (Clean and Green)	✓
Working with all partners (Vibrant Economy)	✓
To make sure Fylde continues to be one of the most desirable places to live (A Great Place to Live)	✓
Promoting Fylde as a great destination to visit (A Great Place to Visit)	✓

REPORT

BACKGROUND AND STRATEGIC CONTEXT

1. Fylde Council obtained strategic approval of investment for works at Granny's Bay in the Fylde Coast Protection Strategy from the Environment Agency. The Strategy contains works at Granny's Bay.
2. Whilst Granny's Bay sits in-between and connects Fairhaven and Church Scar, Granny's Bay is not one of the strategic headlands on Fylde Council's coastline that are responsible for wide scale erosion protection along the frontage. Due to the economics and foreseen affordability at the time of the Strategy (2014), works at Granny's Bay were deferred into small construction projects in year 2030, 2035 and 2040.
3. Having received approval within the Strategy, the works in the Strategy at Granny's Bay are more a question of timing. The rationale to bring the works at Granny's Bay forward being that efficiencies could be realised in undertaking the works during the current campaign, and also capital works at Granny's Bay will reduce in-year maintenance costs for emergency reinstatements following storm damage to the current time-expired defences.
4. During Stage 1 of the Scheme (preparation of Fairhaven and Church Scar); the potential for works at Granny's Bay was noted. To this end Granny's Bay also received full planning consent (for works above high tide), and a Marine Management License (for works below high tide). All license and consents, and the construction design for Granny's Bay, is complete. In other words Granny's Bay is 'shovel ready'.
5. Operational Management Committee on 11 September 2018, resolved that following receipt of the formal grant approval letter from the Environment Agency that the committee recommends to Council an increase in the Fairhaven and Church Scar Coast Protection Scheme within the Capital Programme from £19.83m to £21.83m following confirmation of the additional £2m capital grant from the Environment Agency in respect of the Granny's Bay works. Subject to the approval of this, the committee approved the expenditure on the project as detailed in the report.
6. The formal grant approval letter has been received from the Environment Agency, and Council on 22 October 2018 agreed to approve an increase in the value of the coast protection scheme within the Council's approved Capital Programme in the sum of £2m towards the delivery of the replacement Coastal Defence Scheme at Granny's Bay.

7. Although the report to Operational Management Committee on 11 September 2018 approved the expenditure for the additional work at Granny's Bay the report included reference to likely costs for the seawall/revetment and promenade to be in the region of £2.8m. The report also indicated that further negotiations were underway with the current contractor to agree rates/prices for the additional work and that if agreement cannot be reached then the work would be retendered.
8. Since then the Contractor has completed the detailed design for the Scheme at Granny's Bay which has resulted in the actual volume/cost of work involved being more apparent to the Contractor. A quotation for the construction of the detailed design was received from the Contractor that the Project Manager deemed un-acceptable. After some significant further negotiation between the Project Manager and the Contractor, the Contractor has now provided a revised offer, of £3,233,000 for the additional work at Granny's Bay. Based on other costs received in the initial tendering exercise; the Project Manager is now satisfied that this latest offer represents value for money.
9. The dates accompanying the above £3,233,000 are as follows for Granny's Bay:
 - Planned Completion – 27 July 2020 (currently – this is a moving date/a best estimate by the contractor provided each month as to when it thinks it may actually finish by)
 - Contract Completion – 17 December 2020 (obligation to complete by)
10. The Scheme remains on programme to open up Fairhaven and Church Scar by 31 March 2020.

PROJECT GOVERNANCE

11. The Scheme to date has been run in the PRINCE2 environment (**PR**ojects **IN** Controlled **E**nvironments). It is proposed that the Scheme continues to operate under PRINCE2 for works at Granny's Bay also.

PROCUREMENT AND VALUE FOR MONEY

12. The Council undertook procurement of the Scheme through the Environment Agency Water and Environment Management Framework (WEM) originally in 2017. The Environment Agency has announced that no further work can be awarded under this Framework after the end of June 2019.
13. Further to Point 8 above, following the detailed design of Granny's Bay, that included the production of a digital terrain model, the fill requirements are larger than previously estimated. Notwithstanding this the negotiated price of £3,233,000 is considered to be value for money in comparison to the other tender received for the works at Granny's Bay in 2017 (that quote equated to a present day value of c£3.2m).

COST OF SCHEME AND METHOD OF FINANCING

14. Contracting now for Granny's Bay gives the below financial position.

Element	Sum
Current overall funding (excluding the £360k for the Public Realm)	£21,825,000
Current contract prices *	£17,521,717
Granny's Bay	£3,233,000
Forecast Fee outturn	£320,000
Total latest cost estimate including Granny's Bay *	£21,074,717
Remaining contingency	£750,283

* Excluding a yet to be assessed nominal claim for excessive rainfall in April (estimated to be single £k's)

FUTURE REVENUE BUDGET IMPACT

15. Once completed maintenance to the newly constructed coastal defences will be undertaken by the Contractor for the first year. After that there ought to be nominal maintenance required for the foreseeable future years due to the capital works. Any work that are likely should be contained within existing revenue budgets.

RISK ASSESSMENT

16. Corporate direction has been received from the Coastal Defence Project Board that the Scheme is to be a low risk project, and continues to be managed as such.

17. The majority of the Council's contract risks have now passed (unforeseen conditions at Fairhaven/Church Scar, and detailed design); and site investigations have been undertaken at Granny's Bay.
18. It is considered that the remaining contingency is sufficient to deal with any unanticipated risks which may emerge throughout the remainder of the overall project. There remains a very low risk that this is insufficient to cater for unforeseen eventualities emerging.

VIABLE ALTERNATIVES

19. An alternative is to retender for the works, which would require a new procurement exercise to be carried out. This would add delay to the overall project. There is a risk that the latest quotation of £3,233,000 could be exceeded if the works at Granny's Bay are re-tendered as a standalone scheme due to lost efficiencies.
20. An alternative to not undertaking capital works at Granny's Bay would be to continue with the in-year reactive maintenance following storm damage until the long term phased replacement at Granny's Bay is achieved by year 2040.

OBJECTIVES, OUTPUTS AND OUTCOMES

21. The objectives, outputs and outcomes of the project are to provide erosion and flood protection to the properties behind Granny's Bay as a capital project (with a design life of 100 years), as opposed to a phased replacement with reactive maintenance.

DRAWINGS AND PLANS

22. The current situation at Granny's Bay, along with the proposed drawings and plans (that have received all the necessary license and consents) are design drawings / documents within the Planning Consent. Appendix 1 contains visualisations of the finished product.

CONCLUSION

23. The Committee is requested to note the latest scheme costings and approve the expenditure on the project as detailed in the report.

IMPLICATIONS	
Finance	Full financial implications are included within the body of the report. The cost of the works at Granny's Bay as described in this report will be funded from the approved capital scheme for Coast Defence works within the approved Capital Programme.
Legal	The current contractor (VBA Limited) has been successfully procured through the Environment Agency's Water and Environment Management Framework. The potential works at Granny's Bay were also tendered as part of the package. No challenges were received.
Community Safety	The works at Granny's Bay will be designed and constructed in line with all applicable safety standards.
Human Rights and Equalities	The design of the works at Granny's Bay will be accessible and conform to national standards.
Sustainability and Environmental Impact	The works at Granny's Bay have been developed embracing the principles of sustainability and received all necessary environmental and ecological licenses and consents.
Health & Safety and Risk Management	The contractor will have full responsibility for ensuring health and safety in the construction of the works at Granny's Bay. Commercial risk management will be overseen by the Project Board and Project Assurance.

LEAD AUTHOR	CONTACT DETAILS	DATE
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BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
Planning Consent	21 April 2017	https://www3.fylde.gov.uk/online-applications/applicationDetails.do?activeTab=summary&keyVal=_FYLDE_DCAPR_47511

Attached documents

Appendix 1 – Visualisations of Granny's Bay

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Aerial View



View from Church Scar

